

BEFORE THE DIVISION OF INSURANCE

STATE OF COLORADO

Order No. O-13-007

FINAL AGENCY ORDER

IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF JOHN ALDEN
LIFE INSURANCE COMPANY,

Respondent

THIS MATTER comes before the Colorado Commissioner of Insurance ("Commissioner") as a result of a market conduct examination ("MCE") conducted by the Colorado Division of Insurance ("Division") of John Alden Life Insurance Company ("Respondent"), pursuant to §§ 10-1-203, 10-1-204, and 10-1-205, as well as § 10-3-1106, C.R.S.

The MCE covers the examination period of January 1, 2009 through December 31, 2009.

The Commissioner has fully considered and reviewed the Verified MCE Report ("Report"), Respondent's May 4, 2012 submissions and rebuttals to the Report, the exhibits and testimony from the July 11, 2012 investigatory hearing, notes from the investigatory hearing on July 11, 2012, Respondent's July 13, 2012 submission, and recommendations of staff.

The Commissioner makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. At all relevant times during the examination, Respondent was licensed by the Division to conduct business as a Life, Accident and Health insurer in the State of Colorado.
2. On April 5, 2012, in accordance with §§ 10-1-203, 10-1-204, and 10-1-205, as well as § 10-3-1106, C.R.S., the Division completed an MCE of the Respondent. The period of examination was January 1, 2009, through December 31, 2009.
3. In conducting the MCE, the examiners observed those guidelines and procedures set forth in the 2010 Market Regulation Handbook adopted by the National Association of Insurance Commissioners.

4. Pursuant to § 10-1-205(2) the market conduct examiners prepared the Report, which the Examiner-in-Charge timely filed with the Division, under oath, on April 5, 2012. The Report was subsequently transmitted to Respondent on April 5, 2012.
5. On April 5, 2012, the Division provided the Respondent with written notification that it was afforded a right to file, within thirty (30) days, written submissions or rebuttals with respect to any matter contained in the Report.
6. Pursuant to § 10-1-205(1), C.R.S., the Report is comprised of only the facts appearing upon the books, records, or other documents of Respondent, its agents or other persons who were examined concerning Respondent's affairs. The Report contains the conclusions and recommendations that the examiners find reasonably warranted based upon the facts.
7. On May 4, 2012, Respondent timely filed written submissions and rebuttals to the Report as provided for at § 10-1-205(2), C.R.S.
8. The MCE has proceeded under the substantive terms, authority and procedures set forth at §§ 10-1-203, 10-1-204 and 10-1-205, C.R.S., as well as § 10-3-1106, C.R.S.
9. This MCE was not conducted as an informal investigation of consumer complaints.
10. An investigatory hearing was properly ordered by the Commissioner on June 5, 2012 and conducted pursuant to the provisions of § 10-1-205, C.R.S.
11. The Division and Respondent submitted exhibits to the Commissioner and presented testimony at the investigatory hearing, in accordance with the Commissioner's June 20, 2012 Order.
12. At the July 11, 2012 investigatory hearing Respondent requested that it be allowed to make a submission after the hearing but no later than July 13, 2012 to address a question that came up at the hearing regarding whether Respondent was doing business in the large group market.
13. Respondent made a submission to the Commissioner on July 13, 2012 in accordance with permission granted by the Commissioner at the July 11, 2012 hearing.¹
14. The Commissioner finds that Respondent did not have any covered lives under forms CO Basic, CO JA Basic HD-CC, CO JA Standard-CC and/or Small Group J4000 in 2009 and 2010 and that Respondent began to exit the small group market in January of 2011. The Commissioner is making these findings in part because Respondent has

¹ Respondent's July 13, 2012 submission also addressed issues regarding the grievance process that are not part of the MCE. On July 17, 2012, the Division also made a submission on both the large group and grievance process issues. The Commissioner considers only that part of Respondent's July 13, 2012 submission that addresses the large group issue to be included in the record as part of the MCE.

represented that there are no conversion policies in effect with respect to these forms. The findings in this paragraph are incorporated into all of the paragraphs below pertaining to form violations

15. The Commissioner determines that there is no definitive evidence that Respondent's conduct as described in the Report caused any consumer harm. However, there is sufficient evidence in the record to conclude that Respondent's conduct in not having its forms current and up-to-date so as to reflect mandated coverages created the potential for consumer harm.

CONCLUSIONS OF LAW AND ORDER

16. The Commissioner considered the options available under §10-1-205(3), C.R.S. After such consideration the Commissioner did not reject the Report or direct the examiners to reopen the examination for the purposes of obtaining additional data, documentation, or information, or to refile the Report pursuant to subsection (1) of §10-1-205, C.R.S. The Commissioner determined that an investigatory hearing, pursuant to §10-1-205(3) (c), C.R.S., for the purposes of obtaining additional documentation, data, information, and testimony, was warranted.
17. A copy of the Report is attached to the Final Agency Order ("FAO") and is incorporated herein. Unless modified in this FAO, the Commissioner adopts the facts, conclusions and recommendations contained in the Verified Report pursuant to §10-1-205(3)(a), C.R.S.
18. The April 5, 2012, Report provided Respondent with the opportunity to make written submissions or rebuttals as to why it should not be found in violation of the Colorado insurance laws and/or regulations for all issues identified below. Respondent provided its submissions and rebuttals on May 4, 2012.
19. The Commissioner determines that compliance with § 10-16-104, C.R.S. requires not only that mandated coverages be provided but that all forms are updated to reflect the mandated coverages. This conclusion of law is incorporated into all of the paragraphs below pertaining to form violations. The Commissioner notes that § 10-16-107.2, C.R.S. requires Respondent to submit annual reports to the Division certifying that each policy form, endorsement, or rider in use complies with Colorado law. The Commissioner notes further that, § 10-3-1104(1)(s), C.R.S., provides that, "[c]ertifying pursuant to section 10-16-107.2 or issuing, soliciting, or using a policy form, endorsement, or rider that does not comply with statutory mandates" is an unfair method of competition and/or an unfair or deceptive act or practice and may be subject to sanctions.
20. Issue E1: Failure of the Company's forms, in some instances, to include the required provisions for coverage of cervical cancer vaccines. This failure constitutes a violation of § 10-16-104, C.R.S. No later than sixty (60) days from the date of the

FAO, Respondent shall provide written evidence to the Division that it has revised all applicable forms to reflect the mandatory coverage for cervical cancer vaccines as required by Colorado insurance law. Within these sixty (60) days, Respondent shall also provide the Division with specimen copies of all revised policy forms containing compliant provisions for coverage of cervical cancer vaccines and the proposed date that the forms will be put in use. Respondent does not need to provide written evidence and/or specimen copies to the Division with respect to any forms that Respondent has already revised and for which Respondent has provided evidence and/or specimen copies to the Division. Respondent does not have to revise, provide evidence of revisions or specimen copies to the Division to reflect mandatory coverage for cervical cancer vaccines with respect to forms CO Basic, CO JA Basic HD-CC, CO JA Standard-CC, and/or Small Group J4000.

21. Issue E2: Failure of the Company's forms, in some instances, to include the required provisions of coverage for hearing aids for minor children. This failure constitutes a violation § 10-16-104, C.R.S., and Colorado Insurance Regulation 4-2-30. No later than sixty (60) days from the date of the Final Agency Order, Respondent shall provide written evidence to the Division that it has revised all applicable forms to provide coverage for hearing aids for minor children as required by Colorado insurance law. Within these sixty (60) days, Respondent shall also provide the Division with specimen copies of all revised policy forms containing compliant provisions for coverage of hearing aids for minor children and provide the proposed date that the forms will be put in use. Respondent does not need to provide written evidence and/or specimen copies to the Division with respect to any forms that Respondent has already revised and for which Respondent has provided evidence and/or specimen copies to the Division. Respondent does not have to revise, provide evidence of revisions or specimen copies to the Division to reflect the mandatory coverage for hearing aids for minor children with respect to forms CO Basic, CO JA Basic HD-CC, CO JA Standard-CC, and/or Small Group J4000.
22. Issue E3: Failure of the Company's forms, in some instances, to include the required provisions for coverage of organ transplants. This issue is being removed because of the Commissioner's findings that Respondent did not have any covered lives under the plans identified in the Report in 2009 and 2010 and that Respondent began exiting the small group market in January of 2011. The removal of this issue should not be construed to mean that there was a finding of no consumer harm regarding this issue.
23. Issue E4: Failure of the Company's forms, in some instances, to include correct provisions for outpatient physical, occupational, and speech therapy and therapies for congenital defects and birth abnormalities in children up to six years of age. This failure constitutes a violation of § 10-16-104, C.R.S., and Colorado Emergency Insurance Regulation 08-E-12 and Amended Regulation 4-6-5. No later than sixty (60) days from the date of the Final Agency Order, the Respondent shall provide written evidence to the Division that it has revised all applicable policy forms to reflect compliant benefits for physical, occupational and speech therapies, including

therapies associated with congenital defects and birth abnormalities as required by Colorado insurance law. Within these sixty (60) days, Respondent shall also provide the Division with specimen copies of all revised policy forms containing compliant provisions for coverage of therapies and provide the proposed date that the forms will be put in use. Respondent does not need to provide written evidence and/or specimen copies to the Division with respect to any forms that Respondent has already revised and for which Respondent has provided evidence and/or specimen copies to the Division. Respondent does not have to revise, provide evidence of revisions or specimen copies to the Division to include correct provisions for outpatient physical, occupational, and speech therapy and therapies for congenital defects and birth abnormalities in children up to six years of age with respect to forms CO JA Basic HD-CC, CO JA Standard-CC, and/or Small Group J4000.

24. Issue E5: Failure, in some instances, to include accurate information in preferred provider organization (PPO) plan forms regarding preauthorization responsibility. This failure constitutes a violation of § 10-16-705, C.R.S. No later than sixty (60) days from the date Final Agency Order, the Respondent shall provide written evidence to the Division that it has revised all applicable forms to reflect that preauthorization, for those services that require it, is the sole responsibility of the contracted provider and that the covered person is to be held harmless for any lack of preauthorization on the part of the contracted provider as required by Colorado insurance law. Within these sixty (60) days, Respondent shall also provide the Division with specimen copies of all revised policy forms containing compliant preauthorization provisions and provide the proposed date that the forms will be put in use. Respondent does not need to provide written evidence and/or specimen copies to the Division with respect to any forms that Respondent has already revised and for which Respondent has provided evidence and/or specimen copies to the Division. Respondent does not have to revise, provide evidence of revisions or specimen copies to the Division to reflect accurate information in preferred provider organization (PPO) plan forms regarding preauthorization responsibility with respect to form Small Group J4000.
25. Issue E6: Failure, in some instances, to reflect correct or complete provisions of coverage for prosthetic devices in accordance with requirements of Colorado insurance law. This failure constitutes a violation of §10-16-104, C.R.S., and Colorado Emergency Insurance Regulations 08-E-12 and Amended Regulation 4-6-5. No later than sixty (60) days from the date of the Final Agency Order, the Respondent shall provide written evidence to the Division that it has corrected all applicable forms to reflect correct coverage for prosthetic devices as required by Colorado insurance law. Within these sixty (60) days, Respondent shall also provide the Division with specimen copies of all revised policy forms containing compliant provisions for coverage of prosthetic devices and provide the proposed date that the forms will be put in use. Respondent does not need to provide written evidence and/or specimen copies to the Division with respect to any forms that Respondent has already revised and for which Respondent has provided evidence and/or specimen

copies to the Division. Respondent does not have to revise, provide evidence of revisions or specimen copies to the Division to reflect correct or complete provisions for coverage for prosthetic devices with respect to forms CO JA Basic HD-CC, CO JA Standard-CC, and/or Small Group J4000.

26. Issue E7: Failure of the Company's forms, in some instances, to include correct coverage to be provided for home health services as required by Colorado insurance law. This failure constitutes a violation of § 10-16-104, C.R.S., and Colorado Insurance Regulations 4-2-8, Emergency Regulation 08-E-12 and Amended Regulation 4-6-5. No later than sixty (60) days from the date of the Final Agency Order, the Respondent shall provide written evidence to the Division that it has revised all applicable forms to reflect the mandatory coverage for home health care services required by Colorado insurance law. Within these sixty (60) days, Respondent shall also provide the Division with specimen copies of all revised policy forms containing compliant provisions for coverage of home health care service and the proposed date that the forms will be put in use. Respondent does not need to provide written evidence and/or specimen copies to the Division with respect to any forms that Respondent has already revised and for which Respondent has provided evidence and/or specimen copies to the Division. Respondent does not have to revise, provide evidence of revisions or specimen copies to the Division to reflect correct coverage to be provided for home health services with respect to forms CO JA Basic HD-CC, and/or CO JA Standard-CC.
27. Issue E8: Failure of the Company's forms, in some instances, to provide accurate information regarding payment of claims after preauthorization or approval for services. This failure constitutes a violation of § 10-16-704, C.R.S. No later than sixty (60) days from the date of the Final Agency Order, the Respondent shall provide written evidence to the Division that it has revised all applicable forms to reflect the correct provisions for the payment of pre-authorized services as required by Colorado insurance law. Within these sixty (60) days, Respondent shall also provide the Division with specimen copies of all revised policy forms containing compliant payment of pre-authorized services provisions and the proposed date that the forms will be put in use. Respondent does not need to provide written evidence and/or specimen copies to the Division with respect to any forms that Respondent has already revised and for which Respondent has provided evidence and/or specimen copies to the Division. Respondent does not have to revise, provide evidence of revisions or specimen copies to the Division reflecting accurate information regarding payment of claims after preauthorization or approval for services with respect to forms CO JA Basic HD-CC, CO JA Standard-CC, and/or Small Group J4000.
28. Issue E9: Failure of the Company's forms, in some instances, to provide notification of the availability of conversion to a Basic or Standard Health Benefit Plan to an employee, dependent or member upon termination of group coverage. This issue is being removed because of the Commissioner's findings that Respondent did not have any covered lives under the plans identified in the Report in 2009 and 2010 and that

Respondent began exiting the small group market in January of 2011. The removal of this issue should not be construed to mean that there was a finding of no consumer harm regarding this issue.

29. Issue E10: Failure of the Company's Basic and Standard Health Benefit Plan forms to reflect the correct lifetime or benefit maximums in accordance with Colorado insurance law. This issue is being removed because of the Commissioner's findings that Respondent did not have any covered lives under the plans identified in the Report in 2009 and 2010 and that Respondent began exiting the small group market in January of 2011. The removal of this issue should not be construed to mean that there was a finding of no consumer harm regarding this issue.
30. Issue E11: Failure of the Company's forms, in some instances, to include provisions for coverage of early intervention services. This failure constitutes a violation of § 10-16-104, C.R.S. No later than sixty (60) days from the date of the Final Agency Order, the Respondent shall provide written evidence to the Division that it has revised all applicable forms to reflect the mandatory coverage for early intervention services as required by Colorado insurance law. Within these sixty (60) days, Respondent shall also provide the Division with specimen copies of all revised policy forms containing compliant provisions for coverage of early intervention services and the proposed date that the forms will be put in use. Respondent does not need to provide written evidence and/or specimen copies to the Division with respect to any forms that Respondent has already revised and for which Respondent has provided evidence and/or specimen copies to the Division. Respondent does not have to revise, provide evidence of revisions or specimen copies to the Division to include provisions for early intervention services with respect to forms CO JA Basic HD-CC, CO JA Standard-CC, and/or Small Group J4000.
31. Issue E12: Failure of the Company's forms, in some instances, to reflect a complying definition of a pre-existing condition under Colorado insurance law. This failure constitutes a violation of § 10-16-118, C.R.S. No later than sixty (60) days from the date of the Final Agency Order, the Respondent shall provide written evidence to the Division that it has revised all applicable forms to reflect the correct definition of pre-existing conditions as required by Colorado insurance law. Within these sixty (60) days, Respondent shall also provide the Division with specimen copies of all revised policy forms containing compliant provisions for the definition of pre-existing conditions and the proposed date that the forms will be put in use. Respondent does not need to provide written evidence and/or specimen copies to the Division with respect to any forms that Respondent has already revised and for which Respondent has provided evidence and/or specimen copies to the Division. Respondent does not have to revise, provide evidence of revisions or specimen copies to the Division to reflect a complying definition of a pre-existing condition with respect to forms STM 146.001, CO JA Basic HD-CC, CO JA Standard-CC, and/or Small Group J4000.

32. Issue E13: Failure of the Company's forms, in some instances, to reflect correct reasons for termination of coverage. This failure constitutes a violation of § 10-16-201.5, C.R.S. No later than sixty (60) days from the date of the Final Agency Order, the Respondent shall provide written evidence to the Division that it has revised all applicable forms to reflect the correct reasons for termination of coverage as required by Colorado insurance law. Within these sixty (60) days, Respondent shall also provide the Division with specimen copies of all revised policy forms containing compliant reasons for termination of coverage and the proposed date that the forms will be put in use. Respondent does not need to provide written evidence and/or specimen copies to the Division with respect to any forms that Respondent has already revised and for which Respondent has provided evidence and/or specimen copies to the Division.
33. Issue E14: Failure of the Company's forms, in some instances, to reflect correct information regarding requests for Independent External Reviews. This failure constitutes a violation of § 10-16-113.5 C.R.S. and Colorado Insurance Regulation 4-2-21. No later than sixty (60) days from the date of the Final Agency Order, the Respondent shall provide written evidence to the Division that it has revised all applicable forms to reflect correct information with regard to requesting independent external reviews as required by Colorado insurance law. Within these sixty (60) days, Respondent shall also provide the Division with specimen copies of all revised policy forms containing compliant information regarding the request for an Independent External Review and the proposed date that the forms will be put in use. Respondent does not need to provide written evidence and/or specimen copies to the Division with respect to any forms that Respondent has already revised and for which Respondent has provided evidence and/or specimen copies to the Division. Respondent does not have to revise, provide evidence of revisions or specimen copies to the Division to reflect correct information regarding requests for Independent External Reviews with respect to forms CO JA Basic HD-CC, CO JA Standard-CC, and/or Small Group J4000.
34. Issue E15: Failure of the Company's forms, in some instances, to offer dependent coverage up to twenty-five years of age. This failure constitutes a violation of § 10-16-104.3, C.R.S. No later than sixty (60) days from the date of the Final Agency Order, the Respondent shall provide written evidence to the Division that it has revised all applicable forms to reflect the correct age limits for dependent coverage as required by Colorado insurance law. Within these sixty (60) days, Respondent shall also provide the Division with specimen copies of all revised policy forms containing compliant provisions for dependent coverage and the proposed date that the forms will be put in use. Respondent does not need to provide written evidence and/or specimen copies to the Division with respect to any forms that Respondent has already revised and for which Respondent has provided evidence and/or specimen copies to the Division.

35. Issue E16: Failure of the Company's forms, in some instances, to reflect coverage provisions for colorectal cancer screenings. This failure constitutes a violation of § 10-16-104, C.R.S. No later than sixty (60) days from the date of the Final Agency Order, the Respondent shall provide written evidence to the Division that it has revised all applicable forms to reflect the mandatory coverage for colorectal cancer screening as required by Colorado insurance law. Within these sixty (60) days, Respondent shall also provide the Division with specimen copies of all revised policy forms containing compliant provisions for coverage of colorectal cancer screening and the proposed date that the forms will be put in use. Respondent does not need to provide written evidence and/or specimen copies to the Division with respect to any forms that Respondent has already revised and for which Respondent has provided evidence and/or specimen copies to the Division. Respondent does not have to revise, provide evidence of revisions or specimen copies to the Division to reflect coverage provisions for colorectal cancer screenings with respect to form Small Group J4000.
36. Issue E17: Failure of the Company's forms, in some instances, to provide accurate information related to out-of-pocket annual maximums. This issue is being removed because of the Commissioner's findings that Respondent did not have any covered lives under the plans identified in the Report in 2009 and 2010 and that Respondent began exiting the small group market in January of 2011. The removal of this issue should not be construed to mean that there was a finding of no consumer harm regarding this issue.
37. Issue E18: Failure of the Company's forms, in some instances, to provide accurate information related to annual deductibles. This issue is being removed because of the Commissioner's findings that Respondent did not have any covered lives under the plans identified in the Report in 2009 and 2010 and that Respondent began exiting the small group market in January of 2011. The removal of this issue should not be construed to mean that there was a finding of no consumer harm regarding this issue.
38. Issue E19: Failure of the Company's Basic and Standard Health Benefit Plan forms to outline the benefits provided in the required form with the required content. This issue is being removed because of the Commissioner's findings that Respondent did not have any covered lives under the plans identified in the Report in 2009 and 2010 and that Respondent began exiting the small group market in January of 2011. The removal of this issue should not be construed to mean that there was a finding of no consumer harm regarding this issue.
39. Issue E20: Failure of the Company's forms, in some instances, to reflect complete or accurate information related to prescription coverage. This issue is being removed because of the Commissioner's findings that Respondent did not have any covered lives under the plans identified in the Report in 2009 and 2010 and that Respondent began exiting the small group market in January of 2011. The removal of this issue should not be construed to mean that there was a finding of no consumer harm regarding this issue.

40. Issue E21: Failure of the Company's forms, in some instances, to reflect accurate information related to preventative care. This issue is being removed because of the Commissioner's findings that Respondent did not have any covered lives under the plans identified in the Report in 2009 and 2010 and that Respondent began exiting the small group market in January of 2011. The removal of this issue should not be construed to mean that there was a finding of no consumer harm regarding this issue.
41. Issue E22: Failure of the Company's forms, in some instances, to reflect accurate information related to ambulance coinsurance. This issue is being removed because of the Commissioner's findings that Respondent did not have any covered lives under the plans identified in the Report in 2009 and 2010 and that Respondent began exiting the small group market in January of 2011. The removal of this issue should not be construed to mean that there was a finding of no consumer harm regarding this issue.
42. Issue E23: Failure of the Company's forms, in some instances, to reflect accurate information related to biologically based mental illness benefits. This issue is being removed because of the Commissioner's findings that Respondent did not have any covered lives under the plans identified in the Report in 2009 and 2010 and that Respondent began exiting the small group market in January of 2011. The removal of this issue should not be construed to mean that there was a finding of no consumer harm regarding this issue.
43. Issue E24: Failure of the Company's forms, in some instances, to reflect accurate information related to hospice care. This failure constitutes a violation of § 10-16-104, C.R.S., and Colorado Insurance Regulation 4-2-8, Emergency Regulation 08-E-12 and Amended Regulation 4-6-5. No later than sixty (60) days from the date of the Final Agency Order, the Respondent shall provide written evidence to the Division that it has revised all applicable forms to reflect the mandatory coverage for hospice care as required by Colorado insurance law. Within these sixty (60) days, Respondent shall also provide the Division with specimen copies of all revised policy forms containing compliant provisions for coverage of hospice care and the proposed date that the forms will be put in use. Respondent does not need to provide written evidence and/or specimen copies to the Division with respect to any forms that Respondent has already revised and for which Respondent has provided evidence and/or specimen copies to the Division. Respondent does not have to revise, provide evidence of revisions or specimen copies to the Division to reflect accurate information related to hospice care with respect to forms CO JA Basic HD-CC, and/or CO JA Standard-CC.
44. Issue E25: Failure of the Company's forms, in some instances, to include provisions for mandatory coverage for newborn children as required by Colorado insurance law. This failure constitutes a violation of § 10-16-104, C.R.S. No later than sixty (60) days from the date of the Final Agency Order, the Respondent shall provide written evidence to the Division that it has revised all applicable forms to reflect the

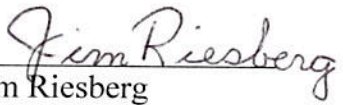
mandatory coverage for newborn children as required by Colorado insurance law. Within these sixty (60) days, Respondent shall also provide the Division with specimen copies of all revised policy forms containing compliant provisions for coverage of newborn children and the proposed date that the forms will be put in use. Respondent does not need to provide written evidence and/or specimen copies to the Division with respect to any forms that Respondent has already revised and for which Respondent has provided evidence and/or specimen copies to the Division.

45. Issue H1: Failure, in some instances, to provide written notice of the availability of small group coverage to business groups of one upon denial of coverage under an individual plan. This issue is being removed because a reduction in the number of exceptions brought the number below the allowable percentage threshold for a violation.
46. Issue H2: Failure, in some instances, to offer to each member of terminating small groups a choice of the Basic or Standard Health Benefit Plan. This failure constitutes a violation of § 10-16-108, C.R.S. No later than sixty (60) days from the date of the Final Agency Order, Respondent shall provide written evidence to the Division that it has revised its procedures to offer the choice of an individual Basic or Standard health benefit plan to all small group members upon termination of their coverage as required by Colorado insurance law.
47. Issue J1: Failure, in some instances, to pay, deny or settle claims within the time periods required by Colorado insurance law. This failure constitutes a violation of § 10-16-106.5, C.R.S. No later than sixty (30) days from the date of the Final Agency Order, Respondent shall provide written evidence to the Division that it has revised all processes and procedures to ensure that all claims are adjudicated within the time frames required by Colorado insurance law.
48. Issue J2: Failure, in some instances, to pay a penalty on claims not paid, denied, or settled within ninety (90) days. This failure constitutes a violation of § 10-16-106.5, C.R.S. No later than sixty (30) days from the date of the Final Agency Order, the Respondent shall provide written evidence to the Division that it has revised its procedures to ensure that interest/penalty is paid on all claims not paid or settled within the time periods required by Colorado insurance law. Respondent shall perform a self-audit of all claims received January 1, 2009, through March 31, 2012, to determine the number of claims paid late for which a penalty was owed but not paid. Respondent shall pay any penalty owed on each claim to the appropriate individual and provide a report of the self-audit to the Division no later than ninety (90) days from the date of this Final Agency Order.
49. Some of the issues and violations described in paragraphs 20 through 48 above are grounds for penalties to be levied pursuant to § 10-1-205(3) (d), C.R.S. The Commissioner has ordered a civil penalty in the amount of seventy-nine thousand and no/100 dollars (\$79,000.00) for the cited violations of Colorado law. The \$79,000.00

civil penalty shall be assessed a surcharge of 10% of the penalty amount up to a maximum of \$7,500.00, pursuant to 24-34-108, C.R.S., for a total balance due of eighty-six thousand five hundred dollars (\$86,500.00). The surcharge shall be used to fund the development, implementation and maintenance of a consumer outreach and education program. The penalty and surcharge shall be due to the Division no later than thirty (30) days from the date of this Final Agency Order.

50. Pursuant to § 10-1-205(4)(a), C.R.S., within sixty (60) days of the date of this Final Agency Order, the Respondent shall file affidavits executed by each of its directors stating under oath that they have received a copy of the Report, as modified and adopted by this Final Agency Order, dated July 31, 2012.
51. This Final Agency Order shall not prevent the Division from commencing future agency action relating to conduct of the Respondent not specifically addressed in the Report, not resolved according to the terms and conditions in this Final Agency Order, or occurring before or after the examination period. Failure by the Respondent to comply with the terms of this Final Agency Order may result in additional actions, penalties and sanctions, as provided for by law. Copies of the Modified Report and this Final Agency Order will be made available to the public no earlier than thirty (30) days after the date of this Final Agency Order, subject to the requirements of § 10-1-205, C.R.S.
52. Pursuant to § 10-1-205(4) (a), C.R.S., this Final Agency Order shall be considered a final agency decision. Review of such decision may be sought in the District Court in and for the City and County of Denver and shall be governed by the "State Administrative Procedure Act," Article 4 of Title 24, C.R.S.
53. Pursuant to § 10-1-205(4)(e), C.R.S., the civil penalty assessed in this Final Agency Order may be appealed directly to the Colorado Court of Appeals within the applicable time frames of the Colorado Appellate Rules.

WHEREFORE: It is hereby ordered that the findings of facts and conclusions of law contained in the Report dated April 5, 2012, subsequently adopted by the Commissioner with modifications as set out in this FAO, are hereby filed and made an official record of this office, and the within Final Agency Order incorporating the Report is hereby approved and effective this thirty-first day of July, 2012.


Jim Riesberg
Commissioner of Insurance

CERTIFICATE OF MAILING

I hereby certify that on the 31st day of July, 2012, I caused to be deposited the **FINAL AGENCY ORDER NO. O-13-007 IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF JOHN ALDEN LIFE INSURANCE COMPANY**, in the United States Mail via certified mailing with postage affixed and addressed to:

Hall & Evans, LLC
Atten: Robert Ferm
1125 17th St., Ste. 600
Denver, CO 80202-2052
Counsel for Respondent

Office of the Attorney General
Atten: Christopher Maciejewski
1525 Sherman St., 5th Floor
Denver, CO 80203
Counsel for the Division of Insurance



Kelli Cheshire
Division of Insurance